

**State Employee Benefits Advisory Council Meeting**  
**March 3, 2010**  
**Statewide Benefits Office**  
**Dover, Delaware**

The State Employee Benefits Advisory Council met on March 3, 2010 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Thomas Chapman, SEBAC Chair, DSEA,  
Seaford S.D.  
Patricia Griffin, SEBAC, Court Admin.  
Marsha Carson, SEBAC, DOS  
Brenda Lakeman, OMB, SW Benefits, Director  
Faith Rentz, OMB, SW Benefits

Ann Skeans, OMB, SW Benefits  
Mary Thuresson, SW Benefits  
John Kenyon, AFSCME  
Judy Anderson, DSEA  
Tim Barchek, DSEA

Mr. Chapman called the meeting to order at 3:10 p.m. and introductions followed.

**1. Approval of Minutes**

Mr. Chapman requested a motion to approve the February 17, 2009 SEBAC minutes. Ms. Griffin made the motion and Ms. Carson seconded the motion. Upon unanimous voice vote the minutes were approved.

**2. Update of SEBC Activities**

Ms. Lakeman stated that SEBC did not approve the Minnesota Life Insurance, Group Universal Life rates renewal at their last meeting on February 19. SEBC requested further information as to what the result would be if we wanted to reinstate the 100 percent GUL coverage when employees port their coverage. After inquiry to Minnesota Life, it was determined there would be a ten percent increase. Details were explained and questions answered. This information will be presented at the March 8 SEBC meeting.

Ms. Rentz reported on the Fiscal Year 2011(FY11) Budget shortfall changes in numbers. Having worked with the consultants it was anticipated to be \$72 million (M) and rising up to possibly \$80M. After figuring in the savings from the following items:

- Medicare D monies that were approved to go toward the health fund deficit
- Approved changes that will generate savings for
  - Medications – Specialty Drugs
  - Hi-Tech Radiology Utilization Management
  - In Vitro Fertilization
  - Bariatric Surgery Coverage

Also, adding in \$17M from the Governor's Budget and subtracting the cost of implementing two federal mandates, the shortfall for FY11 will be \$37.5M.

Possible options were discussed. One included taking the shortfall from the Reserve, which is \$50M. That would leave the Reserve near the bottom. There was in depth discussion about how the Reserve was funded and its rise and fall in dollars, and where the money went over the past years. It was stressed that the Reserve must maintain sufficient funds to pay for at least two months claims run out. The difference between a surplus and the Reserve (savings) was explained. It was made clear that

monies to pay rising health care costs had been taken from the surplus for three years, thus keeping employees' costs down. This would be a last time that the surplus or reserve could be tapped. In the following year either employees would have to pay a lot more or benefits would have to be cut unless some alternatives are found. Many alternatives were discussed; some requiring statutory changes. Everyone needs to continue to look for new ideas and ways to deal with health care costs.

All agreed the employees need to be educated more about health care costs and what they can do to be good stewards for their own health care as costs continue to rise.

### **3. SEBAC Comment to SEBC**

On Minnesota Life:

Although the thought of re-establishing full portability would be ideal, the long term costs to the employee group is substantial - requiring an initial 10% increase in premium and proof of insurability for those who have already ported their policies. Subsequently, to maintain such a benefit, likely repeated increases would be necessary - creating a burden on 85% of the employees who make up the active population.

Therefore, SEBAC believes no further action should be taken on portability at this time and that the previous proposal to fix current rates for an additional two years should be accepted - along with all of the increased benefits that Minnesota Life previously offered.

On FY11:

SEBAC, with great concern and reluctance, supports the proposed method of balancing next year's shortfall. This would include the use of Medicare Part D funds, the proposal from the Governor's budget, projected savings from policy changes, and the one time use of Reserve Funds.

### **4. Other Business**

None.

### **5. Public Comment**

Mr. Smith added his comments throughout the discussions. One concern was with state employees being able to port 100 percent of their GUL insurance and if they could pay the difference. Ms. Lakeman informed they could but it's expensive. He also stated that retirees are treated as commodities by the doctors, just there to make doctors a buck. After researching on-line he found medications much cheaper in Canada and wonders why we can't buy from them. Several responded there is a Federal restriction against this practice.

There being no further business, the date of the next SEBAC meeting was discussed due to some members being unavailable on March 15. Once the date is determined, members will be notified of the final date.

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Mr. Chapman asked for a motion to adjourn. Ms. Griffin made the motion and Ms. Carson seconded the motion. Upon a unanimous verbal approval the meeting adjourned at 4:20 p.m.

Respectfully submitted,

Mary Thuresson  
Administrative Specialist II  
Statewide Benefits Unit, OMB